

Nebraska Universal Service Advisory Board Meeting
Public Service Commission Library
The Atrium, 1200 “N” Street
Lincoln, Nebraska
March 14, 2003

The Nebraska Universal Service Advisory Board met March 14, 2003 at the Public Service Commission Library, 300 The Atrium, 1200 N Street in Lincoln, Nebraska.

Charles Fast, Chair of the Advisory Board, called the meeting to order at 10:10 am. The following board members were present:

Deonne Bruning (at 10:15 am);
Charles Fast;
Dick Fleming;
Roger Keetle;
David Rosenbaum;
Alan Wibbels

Absent from the meeting were Bob Lanphier, Floyd Olson and Rod Wagner.

Present from the Public Service Commission were Jeff Pursley, Tyler Frost, Shana Knutson, Gene Hand and Nichole Morgan.

Approval of Minutes from November 8, 2002.

Motion by Mr. Keetle and Seconded by Mr. Fleming. Upon agreement of all board members present (with the exception of Mrs. Bruning not present, not voting), minutes were approved as presented and Motion carried.

Board Membership Issues

Mr. Fast announced that Floyd Olson wishes to not be re-appointed to the NUSF Advisory Board. Mr. Fast reminded the members that in the past the Board has submitted recommendations to the Commission and the Commission appointed the members. The NUSF Advisory Board By-Laws and Procedures state, “If there is a vacancy or resignation on the Advisory Board, the NPSC shall appoint a new member to complete the term of the vacant position.” The By-Laws and Procedures also state, “The voting membership of the Advisory Board shall consist of:

1. Nebraska Public Service Commission (NPSC), One Member
2. Elementary & Secondary Schools, One Member
3. Libraries, One Member
4. Rural Health Care, One Member
5. Telecommunications Carriers, Two – Three Members
6. Public, One –Two Members.”

Therefore, Mr. Fast reported the current member representation is as follows:

1. Mr. Olson represents the Commission
2. Mr. Wibbels represents the Elementary & Secondary Schools
3. Mr. Wagner represents the Libraries
4. Mr. Keetle represents Rural Health Care
5. Mr. Fast, Mrs. Bruning and Mr. Lanphier represent the Telecommunications Carriers
6. Mr. Fleming and Mr. Rosenbaum represent the Public.

Mr. Fast suggested the Board recommend that Mr. Rosenbaum moves into the Commission represented position, which would leave a Public represented position open with Mr. Olson not seeking re-appointment.

Motion by Mr. Rosenbaum to recommend to the Commission that he be moved into the Commission representative position, Seconded by Mrs. Bruning. Upon agreement of all board members present, Motion carried.

Mr. Pursley recommends Steve Schafer and Anne Byers with NITC and Craig Schroeder with the Rural Economic Development Commission (REDC) as possible candidates for the vacant Public representative position on the Board. Mrs. Bruning reports the REDC could possibly be affected by the State of Nebraska budget shortfall and she doesn't feel recommending someone from that office is a good long-term solution to fill the vacant position. Mrs. Bruning suggests a staff member from the Capitol, possibly from Sen. Bromm's office. Mr. Fast states he thinks the vacant position should be filled by a strictly community or economic development related individual and not the government.

Mr. Wibbels commented that Anne Byers is an IT manager for NITC; she is very involved in technologies across Nebraska and would bring a different perspective to the Advisory Board.

Mr. Hand from the Commission staff stated he has worked with Ms. Byers and she is heavily involved in community development. Ms. Byers indicated to Mr. Hand that she would be willing to serve on the Advisory Board if appointed by the Commission.

Motion by Mr. Rosenbaum and Seconded by Mr. Keetle to recommend to the Commission that Anne Byers fill the vacant Public represented position on the NUSF Advisory Board. Upon agreement of all members present, Motion carried.

Mr. Fast also reported the Board has 3 members whose terms are expired and they have all served 2 terms. These 3 members are Mr. Fast, Mr. Olson and Mr. Wagner. The NUSF Advisory Board By-Laws and Procedures state, "Members shall serve no more than (2) two consecutive (3) three-year terms." Ms. Knutson, legal counsel for the Commission, informed the NUSF Advisory Board that the TRS Advisory Board has similar By-Laws and they read it to mean a member could serve 2 full 3-year terms. Ms. Knutson stated for an example, if a member served an "interim" term (not a full 3-year term) it does not count towards the two 3-year term limit. Mrs. Bruning suggested the NUSF Advisory Board follow the TRS Board's precedent in that an interim term does not count towards the two 3-year term limit. The rest of the NUSF Advisory Board members then agreed with Mrs. Bruning.

Motion by Mr. Rosenbaum and Seconded by Mr. Wibbels to recommend to the Commission that Mr. Fast and Mr. Wagner each serve another 3-year term. Upon agreement of all members present, Motion carried.

Mr. Fast will compose a letter to go in front of the Commission at the April 1, 2003 Grist meeting for the Board Recommendations.

Election of Officers

Motion by Mr. Rosenbaum and Seconded by Mr. Wibbels to re-elect Mr. Fast to be Chair of the Advisory Board. Mr. Fast declined nomination.

Motion by Mr. Keetle and Seconded by Mr. Fleming to elect Mrs. Bruning to be Chair of the NUSF Advisory Board. Upon agreement of all members present (except Mrs. Bruning present, not voting), Motion carries.

Motion by Mr. Wibbels and Seconded by Mrs. Bruning to elect Mr. Fleming to be Vice-Chair of the NUSF Advisory Board. Upon agreement of all members present (except Mr. Fleming present, not voting), Motion carries.

Report on Lifeline/Link-up Service & Approval of Name Change-Dick Fleming & Jeff Pursley

Mr. Fleming shared the following updates:

1. As a result of the Advisory Board meeting on November 8, 2002, Mr. Fleming, Mr. Keetle and Mr. Olson assembled a committee and were going to meet with State Legislators about making Lifeline and Link-Up a priority for HHS. Commissioner Anne Boyle sent Mr. Fleming an email informing him that she had sent Mr. Ron Ross with HHS some correspondence about the costs of adding Lifeline and Link-Up to their NFOCUS system. The NUSF Advisory Board Committee took no action on this pending a response from HHS from Commissioner Boyle's letter.
2. Commissioner Boyle also informed Mr. Fleming of an experience Commissioner Vap had when presenting Lifeline and Link-Up material to a group of elderly citizens. Many of the public that attended the presentation thought Commissioner Vap was referring to the emergency medical response system. Due to this incident and additional feedback from the public, other state agencies and the industry, the Commission is suggesting changing the name of the program to the Nebraska Telephone Assistance Program.
3. Commissioner Boyle informed Mr. Fleming about having the Mexican American Consulate in Omaha translate the Lifeline and Link-Up application form so that the Commission could have an updated Spanish version. Mr. Fleming supported Commissioner Boyle on this decision.

Mr. Pursley shared the following updates and issues:

1. The Commission has opened NUSF-2, Progression Order #6 proposing to change the name of the Lifeline and Link-Up program to the Nebraska Telephone Assistance Program, or "NTAP". Comments are due on April 4th and hopefully the Commission can enter an order sometime in April 2003 to officially change the name of the program.

2. NPSC staff has had several meetings with HHS and are making rapid progress of getting direct HHS support on this. HHS informed NPSC staff that during the initial interview with the applicant, the HHS employee does not know which programs the individual is qualified for; it can take about 30 days to determine eligibility.
3. Since HHS employees do not determine eligibility in the initial interview, HHS stated it would not be possible to enroll applicants in Lifeline at that time. Therefore, HHS suggested sending letters to newly qualified Medicaid & Food Stamps participants informing them they are also eligible for Lifeline & Link-Up.
4. HHS will send these letters out monthly, probably towards the end of the month because that is when their addresses are most current. HHS has estimated the monthly mailings to be about 2,000 letters, which would cost approximately \$24,000 per year. With the letter, a Business Reply Mail envelope will be included, which will cost the Commission nothing unless the individual chooses to mail the application back. The estimates for the mailing have shown the letters to cost between \$.70-\$1.00 per letter and for budget purposes, Commission will assume a 75% return rate.
5. HHS has also agreed to do a one-time mass mailing to everyone currently enrolled in Food Stamps and Medicaid that is not currently in the Lifeline and Link-Up database. This mailing has been estimated to run about 25,000 letters and will probably cost around \$20,000. NUSF has \$25,000 budgeted for marketing the Lifeline & Link-Up program.
6. LIHEAP (Low Income Home Energy Assistance) is not integrated into the current HHS NFOCUS computer system. As soon as LIHEAP has been added to the current system, qualified LIHEAP individuals will receive the mailings also.

Motion by Mrs. Bruning and Seconded by Mr. Fleming to make a recommendation to the Commission to support the one time mass mailings and the continual monthly mailings, including return postage. Upon agreement of all members present, Motion carries.

Motion by Mrs. Bruning and Seconded by Mr. Keetle to support changing the name of Lifeline and Link-Up to the Nebraska Telephone Assistance Program. Upon agreement of all members present, Motion carries.

Mr. Fleming suggests allowing the mailings to get started and returned for about a year before the Commission explores additional outreach efforts. Mr. Pursley states that would help get the HHS letters started faster because the \$25,000 allotted for marketing could perhaps be used for the first mass mailing and wouldn't require additional spending authority.

Mrs. Bruning suggested trying to get some volunteers to help sort the mail from the mass mailings. AARP has volunteers go into the Attorney General's office to help answer consumer calls; maybe they would have some volunteers to help open mail. Mrs. Bruning also suggested staggering the "one-time" mailings to possible multi-month mailings, in order to stagger the amount of response mail back to the Commission.

Motion by Mr. Fleming and Seconded by Mrs. Bruning that it is the Board's position for the Commission to wait on hiring a marketing group/firm until the results of the HHS mailings can be determined. Upon agreement of all members present, Motion carries.

Motion by Mrs. Bruning and Seconded by Mr. Wibbels that the \$25,000 allocated for marketing Lifeline and Link-up be used for the one-time mass mailing. Upon agreement of all members present, Motion carries.

Report on Library, Education and Health Care Activity- Alan Wibbels & Roger Keetle

Mr. Wibbels reported the following on the E-Rate Program in Nebraska Schools:

- The total dollar amount of the applications from schools, school districts and consortiums for e-rate support for Funding Year 2003 is approximately \$17.03 million. In most instances, except for the five counties that are USF designated as metropolitan, schools qualify for at least a 50% discount.
- Schools are paying in about \$1 million a year into the fund.
- Due to the economic conditions in Nebraska, schools are facing a funding crisis. They are trying to find a means to secure enough funding for additional bandwidth.
- The main concern with the current state of the network in Nebraska is the lack of funds to implement a statewide system that will provide affordable and equitable access across the state.
- A statewide network is needed and we need to be open of the NUSF assisting with the major equipment needed to get the network going.

Mr. Keetle reported on the Health Care Activity and made the following points:

- On February 27, 2003 we received another proposal for the network from Roger Hahn. Dark Fiber has also submitted a proposal.
- NITC granted some money for a consultant. The consultant is looking at the 2 proposals and Mr. Keetle was hoping to have a report by the end of the day on Friday, March 14, 2003 from the consultant.
- Mr. Keetle is having a meeting on March 20, 2003 with the steering committee.

Mr. Pursley and Mrs. Knutson reported the Commission is considering creating Tele-Health money into a "separate" fund and having a separate set of criteria for the carriers to receive support from the Tele-Health fund.

Report from the Fund Administrator –Jeff Pursley

1. Fund Status:

- We are experiencing some trouble with NIS (the new state accounting system). We cannot receive money into the fund and we will be doing the first payment on this system at the end of the month, so we have yet to see how that works with NIS.
- In January 2003, the receipts and payments were about equal.

- The FCC has changed the Safe Harbor provisions from 15% to 28-½%, which makes more wireless revenue to be considered intrastate, and therefore not subject to the NUSF surcharge. This will result in about a \$4.3 million loss in receipts annually into the NUSF.
- Some companies have identified billing errors, which as a result, is a loss of about \$1 million annually into the NUSF.
- There will be about \$3.7 million in additional payments annually for access reductions, starting in January 2004.
- \$900,000 per year has been allocated for the Rural Tele-Health network.
- A notice from the Governor's office informed the NPSC that the State of Nebraska might borrow funds from the NUSF.

2. Fund Balance:

- Balance is right around \$68 million;
- Projections are that the balance will be about \$53 million by June 2005.

3. Legislative Update:

- LB 757 would exempt paging companies or possibly all wireless carriers from paying into the NUSF.

4. Lawsuit Update:

- (Mrs. Knutson) We are still asking the judge to throw the case out because there have been a lot of procedural problems with the petition. We do not think there is a big chance he will throw the case out based on this.
- We are also waiting for the judge to rule on allowing the telephone companies' intervention.
- This is not officially a class-action lawsuit.
- Under the Freedom of Public Information Act, Mr. Domina requested information from the NUSF. NPSC staff copied about 700 pages of information for him.

5. Future Plans:

- Mr. Pursley will circulate to the Board a list of NUSF Docket Numbers, their corresponding description and the current status on each Docket.
- NUSF 26: Just received comments on Monday, March 10, 2003. If NPSC staff compiles a summary of the comments, Mr. Pursley will forward it on to the Board members. Reply comments and pre-filed testimony will be due soon and there will be a hearing in the near future.

Current Telephone Penetration Figures-Jeff Pursley

The FCC has not issued a new report since the last NUSF Advisory Board meeting on the current telephone subscribership figures.

Other Business

No other business was discussed.

Public Comments (none presented).

Adjourn

Motion by Mrs. Bruning and Seconded by Mr. Keetle to adjourn. Meeting adjourned 12:05 pm.